

Message Text

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SUBJECT: GOVERNMENT PARTIES SEEK TO RECONCILE ECONOMIC DIFFERENCES

1. BEGIN SUMMARY: LONG SOUGHT "SUMMIT" MEETING OF COALITION PARTY SECRETARIES, TO IRON OUT DIFFERENCES DEBATED INCREASINGLY IN SHARP PUBLIC EXCHANGES, IS NOW SCHEDULED FOR DECEMBER 11. THERE IS NO DECREASE IN SHARPNESS OF POLEMICS, WITH ALL PARTIES STUBBORNLY HOLDING THEIR GROUND, BUT THE WILL TO FIND SOLUTION AND CONTINUE COOPERATION WITHIN COHESIVE COALITION SEEMS STRONG. END SUMMARY.

2. IN RECENT WEEKS ALL FOUR GOVERNMENT PARTIES HAVE PUBLICLY RECOGNIZED THAT MAJOR DIFFERENCES EXIST AMONG THEM AS TO THRUST GOVERNMENT'S ECONOMIC PROGRAM SHOULD TAKE, NOW THAT INITIAL ANTI-INFLATIONARY PHASE IS PASSED. POLEMICS ON ISSUE HAVE BEEN VEHEMENT, WITH TOP SOCIALIST LEADERS DEMANDING GOVERNMENT MOVE AHEAD ON DEVELOPMENT OF SOUTH AND SELECTED MAJOR SOCIAL REFORMS WHILE REPUBLICANS INSIST THAT THESE BE PUT OFF UNTIL ANTI-INFLATION BATTLE HAS BEEN CLEARLY WON. EMERGENCY ENERGY CONSERVATION MEASURES ARE NOT REPEAT NOT ELEMENTS OF POLICY

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DISPUTE, ALTHOUGH CRITICISM OF MORE UNPOPULAR RESTRICTIONS

BY SOME SOCIALISTS HAS NOT HELPED PSI RELATIONS WITH OTHER COALITION MEMBERS.

3. PRINCIPAL GOVERNMENTAL FIGURES IN DISACCORD ARE SOCIALIST MINISTER OF BUDGET GIOLITTI AND REPUBLICAN MINISTER OF TREASURY LA MALFA, ALTHOUGH GIOLITTI HIMSELF TENDS TO BE LESS POLEMICAL THAN OTHER LEADING SOCIALISTS AND IN FACT ASSERTS THAT HE AND LA MALFA DIFFER NOT ON DIAGNOSIS BUT ON THERAPY. SERIOUS AGGRAVATING FACTOR HAS BEEN DIRECT AND PERSONAL CRITICISM OF LA MALFA BY PSI SECRETARY DE MARTINO AND PARTY ORGAN AVANTI, WHICH ACCUSED LA MALFA OF LACKING CONCERN FOR WORKING CLASS AND OF ASPIRING TO BE AN "ECONOMIC POLICEMAN". ANGERED, LA MALFA PROMPTLY REITERATED THAT HE "WON'T TAKE LESSONS IN SOCIAL CONSCIOUSNESS FROM ANYONE" AND THAT PERMANENCE OF HIS STAY IN GOVERNMENT DEPENDS UPON ITS CONTINUED FIRMNESS IN COMBATING INFLATION.

4. CHRISTIAN DEMOCRAT PARTY IS STRIVING TO PLAY DOWN DISPUTE AND IS SEEKING MIDDLE GROUND SOLUTION WHICH WOULD COMBINE NECESSARY AUSTERITY MEASURES WITH FISCALLY MANAGEABLE PROGRAM FOR INDUSTRIAL EXPANSION AND SOCIAL REFORMS. PARTY SECRETARY FANFANI HAS COINED SLOGAN "AUSTERITY FOR PROGRESS" WHICH ATTEMPTS SYNTHESIS OF OPPOSING POSITIONS OF PRI AND PSI COALITION PARTNERS, WHILE DC FINANCE MINISTER COLOMBO HAS DENIED THAT "DRASTIC" DIFFERENCES EXIST WITHIN TROIKA OF ECONOMIC MINISTRIES (GIOLITTI, LA MALFA AND COLOMBO).

5. ECONOMIC TROIKA, PLUS TANASSI REPRESENTING SOCIAL DEMOCRATS, WILL CONFER SHORTLY TO EITHER RECONCILE OR MORE SPECIFICALLY DEFINE DIVERGENCE. THIS GATHERING WILL SET STAGE FOR "SUMMIT" OF PARTY SECRETARIES NOW SLATED FOR DECEMBER 11. LA MALFA'S MERCURIAL CHARACTER RULES OUT ANY PREDICTIONS, BUT AT MOMENT DISPOSITION WITHIN COALITION TO SURMOUNT ITS DIFFERENCES SEEMS STRONG. VOLPE

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